



1999 Communications and Customer Service Conference

November 2 - 4

TRACK 3

Marketing

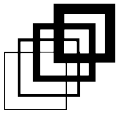
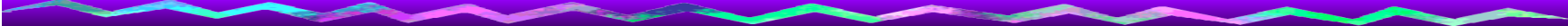
T301 – Marketing at the MTF Level and Market
Research – The Next Step

Mr. Terrence Rynne

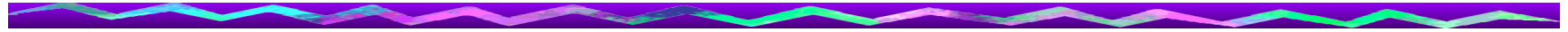
Rynne Marketing Group



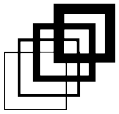
Marketing MTF Level



Facilitation



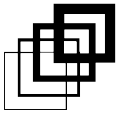
- Build Marketing Tricare = Marketing Tricare Prime



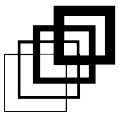
Marketing MTF Level

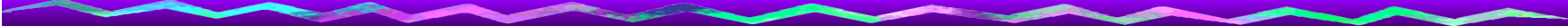


- But, Market Tricare Prime =
Market Military Medicine
- Therefore Marketing Tricare =
Marketing Military Medicine

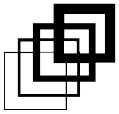


How do we make Military Medicine fully Satisfying and Attractive?





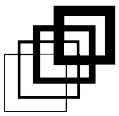
**How do we do it all so well that
there is no need for selling?**



How Do You Market Military Medicine

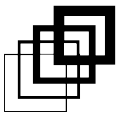


- **MTF by MTF**
- **Clinical Service by Clinical Services**
- **Focus First on Primary Care**
- **Primary Care Doctors do not feel Empowered**



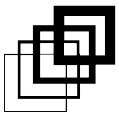
Primary Care

- **Progress**
 - **Appointments, not Cattle Calls**
 - **Continuity of Providers and Care**
 - **Care Teams to Handle Panels**



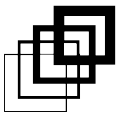
Pitfalls

- 
- **Little Consumer Choice**
 - **No “Matching” Service**
 - **Providers not leveraging the Team**

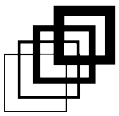


Physicians Don't Feel They¹ Can Change Things

- **Get them to use Data to Influence Change**
- **Market Management Tools and Skills**
- **Bring Them Together to Brainstorm Solutions**
- **Most Especially,**
 - **Get them to do their own Homespun (or high toned) Market Research**

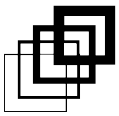


Primary Research: Qualitative



Methods

- **Objectives**
 - Explore in-depth feelings and beliefs
 - Learn how feelings shape behavior
 - Discover what people have to say, not how many say it
- **Methods**
 - Executive/individual interviews
 - Professional “mystery” shopper
 - Focus groups

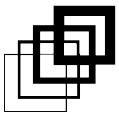


Interviews

- **Strengths**
 - Flexible
 - Can show concepts/products/ads
 - In-depth exploration of
- **Limitations**
 - Most expensive method
 - No anonymity
 - Time-consuming



- **Best for:**
 - Respondents who are too busy or too far apart to be brought together
 - Exploring decisions made privately
 - Areas where respondents are in competitive mode

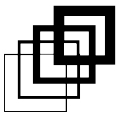
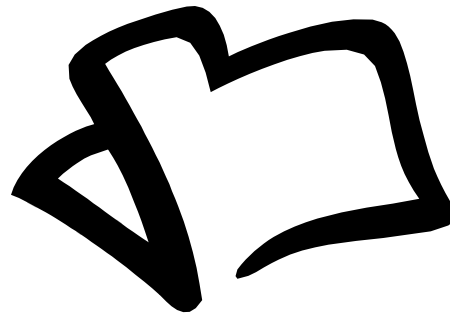


Executive Interviews:

15

Examples

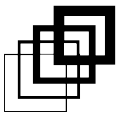
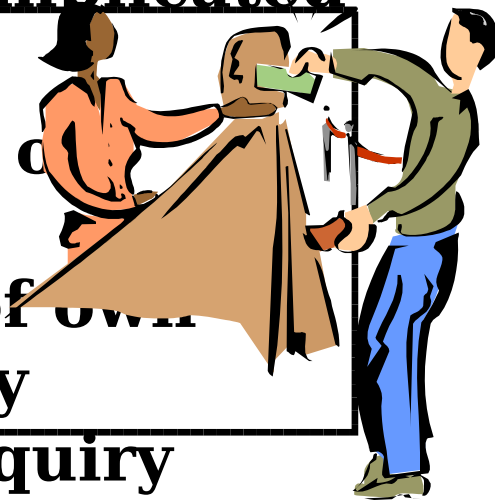
- Insurance Brokers
- Regional Health Agency Leadership



Professional Shopping

- **Strengths**
 - Identifies actual behaviors
 - Provides fairly objective perspective on qualitative behaviors
 - Can bring issues to the surface
- **Limitations**
 - Large sample can be costly
 - May not be conclusive
 - Difficult to learn reasons why
 - Logistics can be very complicated

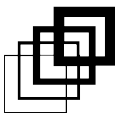
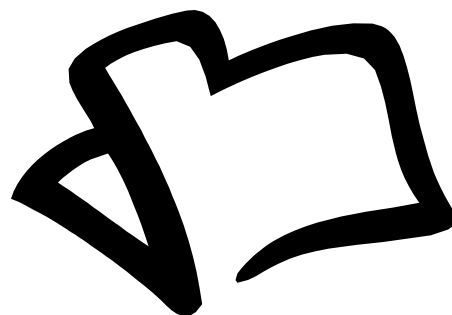
- **Best for:**
 - Assessing consumer-sensitivity of services
 - Gaining first-hand knowledge of own and competitors' service quality
 - Identifying areas for further inquiry



Professional Shopping:

Examples

- OB/GYN Practices
- Hospital Scheduling and Registration
- Phlebotomy Service



Focus Groups

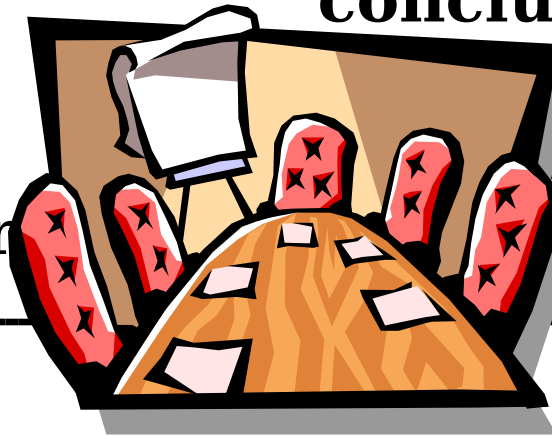
- **Strengths**

- Relatively quick
- Reasonably priced
- Flexible
- Immediate results
- Can surface unanticipated issues
- Learn consumer language

- **Limitations**

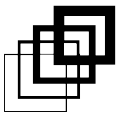
- Small sample
- Few market segments
- Results not conclusive

Active listening
servers



- **Best for:**

- Exploring decisions made in a social context
- Learning why
- Shaping design of a new service



Focus Groups: Process

1. Study design

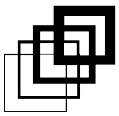
- **Research issues**
- **Target audience; screening criteria**

2. Discussion guide development

- **Ideal: 2-6 pages**
- **Time each section**
- **Concept statements, checklists, rating scales**

3. Recruitment

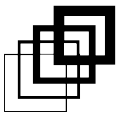
- **List sources**
- **Screener/invitation**
- **Incentives**



Focus Groups: Process

4. Facility

- Professional facility with 1-way mirror
- Meeting room
- Hostessing
- Refreshments
- Audio and video taping
- New technology/processes for focus groups
 - Conference call groups
 - Video conferencing groups
 - Chat room groups



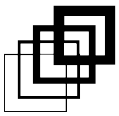
Focus Groups: Process

5. Moderating the group

- **Maintaining flow**
- **Effective probing**
- **Management of difficult participants**

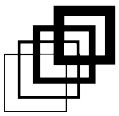
6. Analysis

- **Immediate debriefing**
- **Assess viewers' perceptions**
- **Topline report**
- **Transcripts**
- **Detailed written report**
- **Implications**

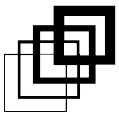


Focus Groups: Examples

- **Cancer Center Focus Groups**
- **Obstetrics Services Focus Groups**

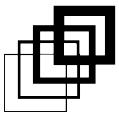


Primary Research: Quantitative



Methods

- **Objectives**
 - **Develop reliable, projectable information**
 - **Identify market segments**
- **Methods**
 - **Mail, E-mail, or fax survey**
 - **Telephone survey**
 - **Intercept surveys: Mall, Web**
 - **Controlled experiment**
 - **Observation**



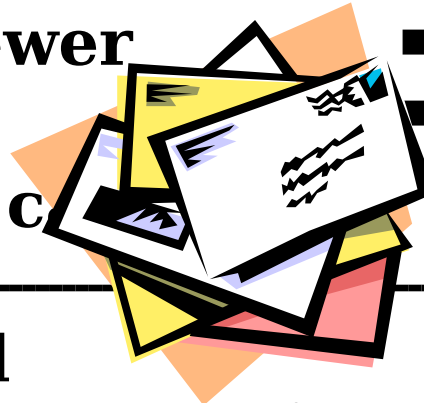
Surveys

- **Strengths**

- Wide distribution at low cost
- Time for thoughtful replies
- No interviewer bias
- Anonymity can be

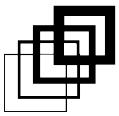
- **Limitations**

- Non-response bias
- Relatively ineffective for open-ended questions
- Little/no opportunity to probe
- Errors in completing
- Time-consuming due to lack of control over response rate



- **Best for**

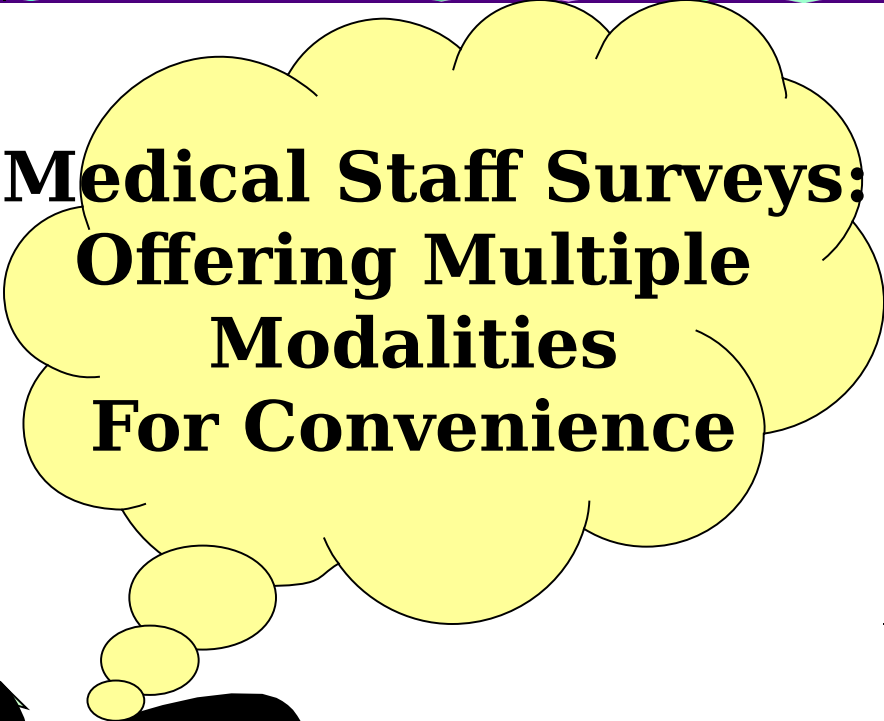
- Surveying an entire population or group
- Surveying groups that have a vested interest in responding



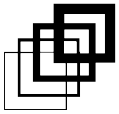
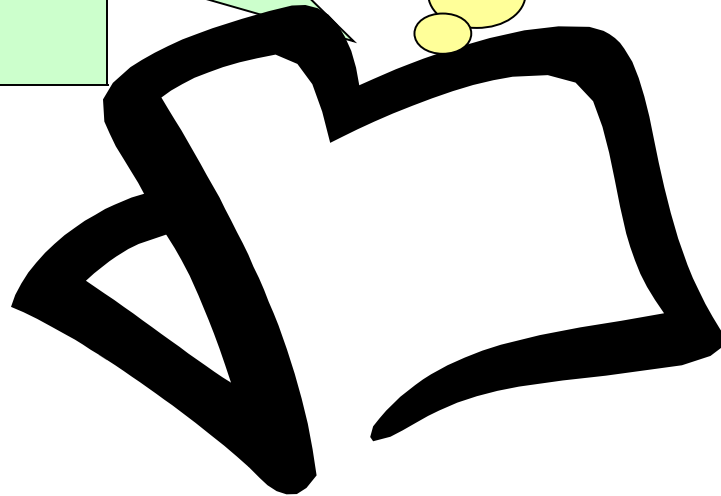
Mail, E-Mail, Fax: Examples



**Excimer Laser
Demand
Projections:
International
Fax Survey**



**Medical Staff Surveys:
Offering Multiple
Modalities
For Convenience**



Telephone Surveys

- **Strengths**

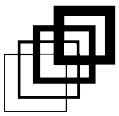
- Fast turn-around
- Can use randomized, projectable sample
- Best for hard-to-find, busy

- **Limitations**

- Can't show visual materials
- Limited in amount of open-ended probing

- **Best for:**

- Allows for wide geographical reach
- Learning HOW MANY: Awareness
- Use
 - Preference
 - Interest
- Identifying market segments



Intercept Surveys: Mall, Web

- **Strengths**

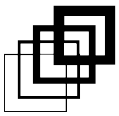
- Quick reactions
- Can show visuals
- Mall format allows probing
- Cost-efficient, especially if brief, with loose participation

- **requirements**
Best for:

- Product tests
- Communications tests (esp)
- Surveying special interest g

- **Limitations**

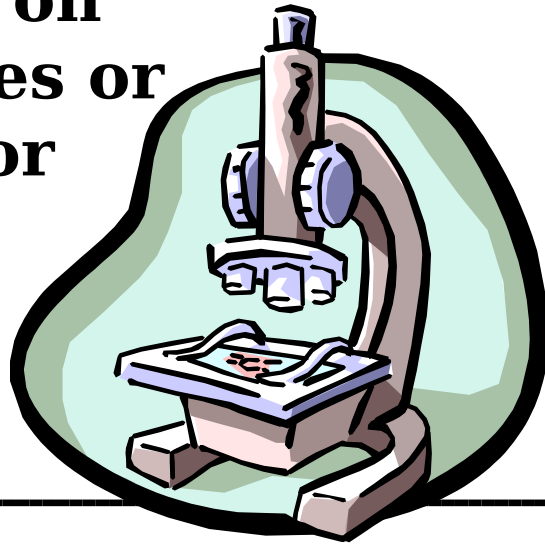
- Convenience sample, not projectable
- Sample biased by profile of mall/web site frequen



Controlled Experiments

- **Strengths**

- Can measure impact on attitudes or behavior

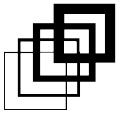


- **Limitations**

- Extremely costly
- Artificial settings
- Rigid design
- Controlling for extraneous variables

- **Best for:**

- Test-marketing national products
- Testing large-scale advertising campaigns



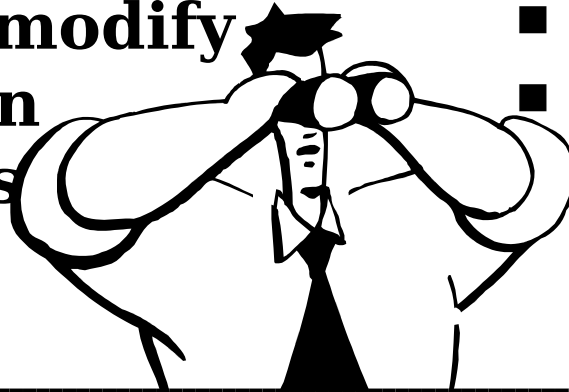
Observation

- **Strengths**

- Provides objective data
- Quick start-up
- Easy to modify design in progress

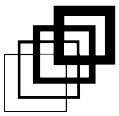
- **Limitations**

- May be biased if people are aware of observer
- Time-consuming
- Doesn't tell reason why



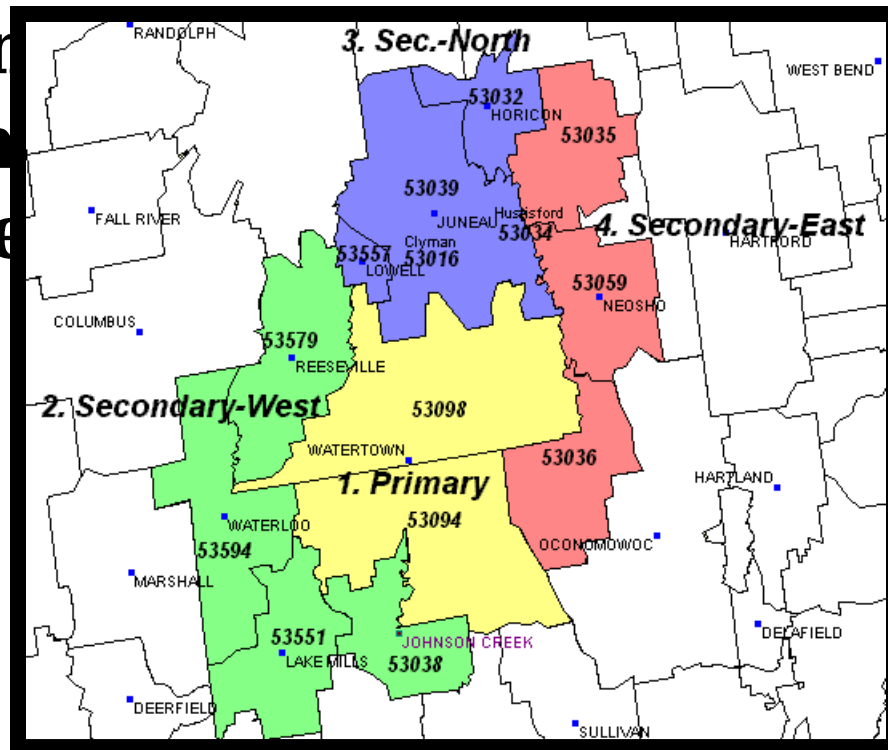
- **Best for:**

- Testing limited number of factors or variables
- Testing impact of point-of-service marketing
- Testing impact of guest relations



Telephone Surveys: Process

1. Develop objectives and hypotheses
2. Define target population
 - Homogeneous geographic segments
 - Demographic, user, other criteria

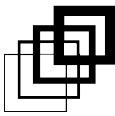


Telephone Surveys: Process



3. Develop sampling plan

- **Identify optimal sampling size based on:**
 - **Desired confidence level**
 - **Resource availability: budget, time, list**
- **Select sampling method:**
 - **Random from list**
 - **Random digit dialing**
 - **Cluster**
 - **Quota**
 - **Combination**



Telephone Surveys: Process

3. Develop sampling plan...

95% Confidence

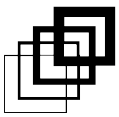
Intervals

Results @:	10%	30%	50%	70%	90%
Sample Size	Confidence Interval is $\pm$ the Value Below				
100	5.9	9.0	9.8	9.0	5.9
200	4.2	6.4	6.9	6.4	4.2
300	3.4	5.2	5.7	5.2	3.4
400	2.9	4.5	4.9	4.5	2.9
500	2.6	3.8	4.2	3.8	2.6
1000	1.9	2.8	3.1	2.8	1.9

Percentage Difference for Statistical

Significance

Significance						
Base 1	100	300	400	500	1000	
Base 2	Percentage Difference for Statistical Significance					
100	13.9	12.0	11.3	10.9	10.7	10.2
200		9.8	8.9	8.5	8.2	7.6
300			8.1	7.5	7.2	6.3
400				6.9	6.6	5.5
500					6.2	5.2
1000						4.4



Telephone Surveys: Process

3. Develop sampling plan...

Calculating Sample Size

$$H = Z * \text{Square root of: } [P * (1-P) / N]$$

H = Level of accuracy (e.g., within $\pm 5\%$ of the true value $\rightarrow 0.05$)

Z = Degree of confidence (found in Z-statistic table; use 1.96 for a 95% confidence interval; use 1.64 for a 90% confidence interval)

P = Population proportion; the way the statistic being measured is distributed in the population (e.g., use 50% if one-half of the people probably represent this feature, such as 50% female)

N = Sample size

Example. H=0.05 Z=1.96 P=0.5 Then

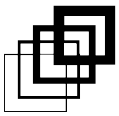
N=384 interviews



Telephone Surveys: Process

4. Assess potential biases

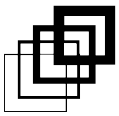
- **Sampling error**
 - Sample ends up not accurately representing universe from which it was chosen
- **Systematic bias**
 - Sample chosen from poor list or frame
 - Methodology under-represents particular segments
 - Non-respondents are not representative
 - Interviewer bias
 - Questionnaire bias



Telephone Surveys: Process

5. Develop research instrument

- **Validity: Does it measure what it's supposed to?**
- **Reliability: Will it get the same results if the study is replicated?**
- **Practicality**
- **Precoding**



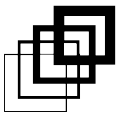
Telephone Surveys: Process

6. Pretest study design

7. Conduct fieldwork

8. Develop analysis plan

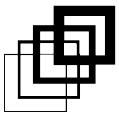
9. Prepare analysis and report



Primary Research: Quantitative

Questionnaire Development³⁸

- 1. Outline the questionnaire based on objectives**
- 2. Check for glitches: sequencing, skip patterns, leading questions, wordiness, missing interviewer instructions**
- 3. Re-order questions to minimize bias and maximize natural flow**

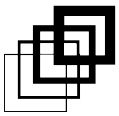


Types of Survey Questions

- **Aided awareness**
- **Unaided or top-of-mind awareness**
- **Preferences**
- **Rating scales**
- **Trade-offs**
- **Behavior**
- **Intentions**
- **Reasons why**
- **Classification: demographic, psychographics**

Some Examples of Scales

- *Yes/no*
- *Agree/disagree/no opinion*
- *Multiple response*
- *Ratings: 1-10, -5 to +5, excellent to poor*
- *Fixed sum*
- *Rank order*
- *Semantic*

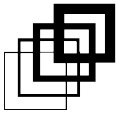


Telephone Survey: Example



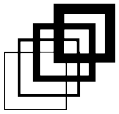
**Women's
Health
Services:
Market Potential
for New Programs**

**Click for
Case Study**



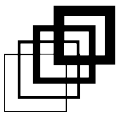


Feasibility Studies



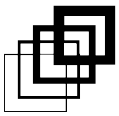
Objectives/Rationale

- **Make the case for start-up funding, internally or to donors/grantors**
- **Make the case for venture capital or investment funding**
- **Set realistic expectations for new programs**
- **Provide a standard method of evaluation so projects are assessed on equal footing**
- **Provide back-up support for pre-approved projects**



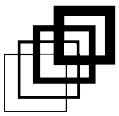
Feasibility Studies Elements of Financial Feasibility⁴³ Analysis

- **Expected Utilization or Volume**
- **Costs**
 - **Capital**
 - **Operating**
- **Revenues**
 - **Gross**
 - **Net**
- **Break-even point**
- **Return on investment**
- **Cash flow**



Estimating Likely Utilization

- **Most common pitfall: basing volume projections on staff/service availability or capacity**
- **A better idea: basing volume on market size and likely utilization**
- **The best idea: adjusting for the gap between stated interest and likely actual use**



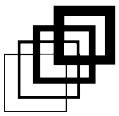
Utilization Projection

Formula

- **Volume projections based on market demand, adjusted for:**
 - Reality testing
 - Visits per user over fixed time period
 - Capacity constraints
 - Expected penetration of marketing effort

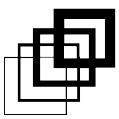
**Projected Volume =
Demand Rate x Size of Qualified
Audience**

x Expected Awareness Level



Pro Forma Elements: Detail

- **Costs**
 - **Capital: facility, equipment, systems**
 - **Operating: salaries, benefits, ancillary, housekeeping, billing, marketing, training, insurance, supplies**
- **Revenues**
 - **Gross = what you charge**
 - **Net revenue = what you are paid = gross minus contractual allowances and bad debt**



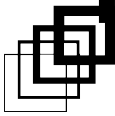
Feasibility Studies

Pro Forma Example:

Outpatient Women's Health Center

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SUMMARY FINANCIAL STATEMENT					
YEAR	1	2	3	4	5
TOTAL GROSS REVENUE	\$1,927,844	\$2,053,821	\$2,283,240	\$2,376,907	\$2,376,907
OPERATING EXPENSES					
Salaries and Benefits	\$877,180	\$1,027,961	\$1,150,845	\$1,224,140	\$1,224,140
Fees to Non-Salaried Employees	9,456	11,347	13,238	14,184	14,184
Rent [or Building Depreciation]	120,000	120,000	120,000	132,000	132,000
Utilities	20,000	20,000	20,000	20,000	20,000
Marketing Budget	130,000	100,000	100,000	100,000	100,000
Supplies	34,991	41,986	48,982	52,480	52,480
Depreciation [Equipment, Furnishings]	121,300	121,300	121,300	121,300	121,300
Billing Service (@7% of Pt. Revenue)	134,949	143,767	159,827	166,384	166,384
Bad Debt (@21% of Pt. Revenue)	385,368	411,193	458,224	477,426	477,426
TOTAL EXPENSES	\$1,833,243	\$1,997,555	\$2,192,416	\$2,307,913	\$2,307,913
PROFIT (LOSS)	\$94,601	\$56,266	\$90,824	\$68,994	\$68,994
Cumulative Profit	\$94,601	\$150,867	\$241,691	\$310,685	\$379,680
Return on Capital Investment	7.8%	12.4%	19.9%	25.6%	31.3%
AWARENESS LEVEL	50%	60%	70%	75%	75%





1999 Communications and Customer Service Conference

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